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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON REGIONAL OFFICE  
FIFTH FLOOR  
803 WEST BROAD STREET  
FALLS CHURCH, VIRGINIA 22046

AUG 26 1974

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Mr. A. A. Gavazzi, Director  
Veterans Administration Hospital  
50 Irving Street, NW.  
Washington, D.C. 20422



Dear Mr. Gavazzi:

We have completed our audit of the Veterans Canteen Service (VCS) facilities at the Veterans Administration (VA) Hospital, Washington, D.C. While we found the financial operations of the canteen in order, we did observe one VA administrative matter which we believe warrants your attention.

As you know, the Washington hospital bills VCS for the cost of space and utilities provided the canteen. Our audit of these charges revealed that the formula used in fiscal year 1974 was misapplied, resulting in an overcharge of approximately \$960, in the air-conditioning/heating computations for November and December 1973. We discussed the matter with the Chief of Engineering Service and he acknowledged the need for an adjustment to the charges. We recommend that the situation be corrected by crediting VCS \$960.

Problems in computing space and utility charges have been noted in prior audits at other VA hospitals. Because of this, VA recently reissued guidelines for space and utilities charges (Engineering Service Letter No. 7, May 3, 1974). In June 1974 the Chief of Engineering Service at the Washington hospital revised the formula to conform with the reissued guidelines. Since the charges are now computed annually and prorated on a monthly basis, the possibility of errors such as those which resulted from monthly computations in November and December last year is minimized.

We would like to express our appreciation for the courtesies and cooperation extended to us during our audit at the hospital.

Sincerely,

*H. L. Krieger*

H. L. Krieger  
Regional Manager

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